

## Message Text

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ORIGIN EA-12

INFO OCT-01 AF-10 ARA-10 EUR-12 NEA-10 IO-13 ISO-00  
AGR-01 CEA-01 CIAE-00 COME-00 DODE-00 EB-08  
FRB-03 H-01 INR-10 INT-05 L-03 LAB-04 NSAE-00  
NSC-05 PA-01 CTME-00 AID-05 SS-15 STR-07 ITC-01  
TRSE-00 ICA-11 SP-02 SOE-02 OMB-01 DOE-15 XMB-02  
OPIC-03 HA-05 SNM-05 SIG-03 /187 R

DRAFTED BY EA:AGEBER:AP  
APPROVED BY EA:RHOLBROOKE  
EA/TIMBS - REFRITTS  
EA - RBOAKLEY  
EB - RHORMATE  
E - SCANNER  
TREASURY - MR. MCFADDEN  
DESIRED DISTRIBUTION  
COMMERCE,USDA,USDOE,EXIMBANK, OPIC, AID, ICA, HA,T/CST,S/NM  
-----021122 100212Z /21

P R 100123Z AUG 78  
FM SECSTATE WASHDC  
TO AMEMBASSY JAKARTA PRIORITY  
AMEMBASSY KUALA LUMPUR PRIORITY  
AMEMBASSY MANILA PRIORITY  
AMEMBASSY SINGAPORE PRIORITY  
AMEMBASSY BANGKOK PRIORITY  
CINCPAC HONOLULU HAWAII PRIORITY 0000  
INFO AMEMBASSY TOKYO  
AMEMBASSY CANBERRA  
AMEMBASSY WELLINGTON  
AMEMBASSY BRUSSELS  
USLO PEKING  
AMEMBASSY OTTAWA  
AMEMBASSY RANGOON  
AMEMBASSY COLOMBO  
AMEMBASSY PORT MORESBY  
AMEMBASSY SEOUL  
CONFIDENTIAL

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AMEMBASSY PARIS  
USMISSION GENEVA

C O N F I D E N T I A L STATE 202046

BRUSSELS FOR USEC, PARIS FOR OECD, GENEVA FOR GATT

E.O. 11652: GDS

TAGS: ASEAN

SUBJECT: US-ASEAN MINISTERIAL MEETING - OVERVIEW  
FOR THE AMBASSADOR

1. SUMMARY. THE SECOND US-ASEAN DIALOGUE APPEARS TO HAVE ACHIEVED THE OBJECTIVES WHICH THE U.S. SIDE SOUGHT TO ACCOMPLISH AND ALL THE ASEAN MINISTERS SEEM TO HAVE LEFT WASHINGTON BELIEVING THE MEETING WAS WORTHWHILE. WE REAFFIRMED PUBLICLY AND PRIVATELY U.S. SUPPORT FOR ASEAN, ECONOMICALLY AS WELL AS POLITICALLY; WE PRODUCED SOME CONCRETE ACCOMPLISHMENTS FOR THE SHORT-TERM (AND THE PERSONAL RELATIONSHIP ESTABLISHED AND VIEWS EXCHANGED BETWEEN KEY ASEAN AND U.S. OFFICIALS AUGUR WELL FOR THE LONGER-TERM); AND ASEAN HAD A GOOD OPPORTUNITY TO PRESENT ITS ACHIEVEMENTS, GOALS AND ASPIRATIONS TO THE HIGHEST LEVELS OF THE U.S. GOVERNMENT, CONGRESS AND THE BUSINESS COMMUNITY. PROBABLY MOST IMPORTANT SPECIFIC ACHIEVEMENT IN ASEAN MINISTERS' EYES WAS AFFIRMATION BY SECRETARIES VANCE AND BLUMENTHAL THAT U.S. WILL ACTIVELY PURSUE COMMON FUND NEGOTIATIONS TO AN EARLY SUCCESSFUL CONCLUSION. END SUMMARY.

2. THE EVENTS. PACKED TWO AND ONE HALF DAY SCHEDULE INCLUDED SERIES OF MEETINGS AND EXPOSURE TO PRESIDENT, VICE CONFIDENTIAL

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PRESIDENT, EXECUTIVE BRANCH, CONGRESS, BUSINESS AND THE

MEDIA. ALL COMMENTS WE HEARD INDICATE THAT ASEAN DELEGATES WERE HIGHLY SATISFIED WITH PROGRAM, WITH HIGH-LEVEL AND EXTENSIVE PARTICIPATION OF U.S. OFFICIALS AND OPPORTUNITIES OFFERED TO THEM TO MAKE THEIR CASE.

A. EXECUTIVE BRANCH. FROM AUGUST 2-4, ASEAN MINISTERS MET WITH PRESIDENT (AND THE VICE PRESIDENT AS GUEST OF HONOR AT DINNER), SIX OTHER CABINET MEMBERS (ANDY YOUNG WAS AT DINNER) AND OTHER KEY OFFICIALS. THE SECRETARY OF STATE CHAIRED PRACTICALLY THE FULL FIRST DAY OF THE MEETING WHERE HE PARTICIPATED ACTIVELY IN THE POLITICAL TOUR D'HORIZON AND SOME OF THE ECONOMIC DISCUSSIONS. HE HOSTED A DINNER THE FIRST NIGHT WITH HEADS OF DELEGATION AT HIS SMALL TABLE. DINNER WAS ATTENDED BY CONGRESSIONAL LEADERS AS WELL AS BUSINESS AND LABOR REPRESENTATIVES (GEORGE MEANY). HE RETURNED THE SECOND DAY TO PARTICIPATE IN THE JOINT PRESS CONFERENCE. SECRETARY BLUMENTHAL CHAIRED THE MEETING THE MORNING OF THE SECOND DAY WHICH HAD AN EXTENSIVE AND LIVELY EXCHANGE OF VIEWS ON THE GENERAL STATE OF THE U.S. AND WORLD ECONOMIES AND ON U.S. POLICIES. HE ALSO HOSTED A LUNCH FOR THE ASEAN MINISTERS AND CONTINUED CONVERSATIONS. SECRETARY KREPS CO-HOSTED A RECEPTION WITH THE PRESIDENT OF THE U.S. CHAMBER FOR BUSINESSMEN FROM ALL OVER THE U.S. AND CO-CHAIRLED THE AFTERNOON MEETING OF AUGUST 3. GOVERNOR

GILLIGAN AND SECRETARY BERGLAND SHARED THE CHAIR IN THE AFTERNOON OF AUGUST 4. OTHER HIGH RANKING PARTICIPANTS IN THE MEETING ON THE U.S. SIDE WERE SECRETARY SCHLESINGER, UNDER SECRETARIES NEWSOM AND COOPER, ASSISTANT SECRETARY WEIL (COMMERCE), LUBICK (TREASURY), DERIAN (STATE) AMBASSADOR WOLFF (STR), DR. REINHARDT (ICA), CHAIRMAN MOORE (EXIM BANK), POATS (OPIC), AMBASSADOR WILKOWSKI, AND MRS. FALCO.

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B. THE PRESIDENT. MEETING LASTED ABOUT HALF HOUR. PRESIDENT EXPRESSED HIS ADMIRATION FOR ECONOMIC ACHIEVEMENTS, HOSPITABLE BUSINESS CLIMATE AND HARMONY AND STABILITY OF ASEAN SOCIETIES. ROMULO SOUNDED THEMES OUTLINED BELOW (IN PARAS 2E AND 3) AND EXPRESSED ENTHUSIASM ABOUT U.S. ATTITUDE ON COMMON FUND. PRESIDENT REAFFIRMED ABIDING U.S. INTEREST IN SEASIA AND RECOGNITION OF STRENGTH AND VIABILITY OF ASEAN. HE ACKNOWLEDGED IMPORTANCE OF COMMON FUND, URGED EXPANDED TRADE AND INVESTMENT RELATIONS AND INVITED ASEAN COOPERATION, ADVICE AND COUNSEL ON MATTERS OF MUTUAL INTEREST. SOME ASEAN DELS SUBSEQUENTLY SAID DISCUSSION WITH PRESIDENT WAS TOO GENERAL, BUT THEIR OWN SPOKESMEN DID NOT RAISE ANY SPECIFIC ISSUES BEYOND REFERENCE TO COMMON FUND.

C. THE CONGRESS. AT THE SENATE AND HOUSE MEETINGS EIGHT SENATORS AND ABOUT 20 CONGRESSMEN PARTICIPATED IN CONSIDERABLE GIVE AND TAKE INCLUDING THE CHAIRMEN AND RANKING MEMBERS OF THE SFRC AND HIRC AND THEIR ASIA SUBCOMMITTEES. THERE WAS ALSO SOME CONGRESSIONAL PARTICIPATION IN THE MINISTERIAL MEETING AND IN THE SOCIAL EVENTS. ASEAN SPOKESMEN EFFECTIVELY PRESENTED THEIR ACHIEVEMENTS AND ASKED FOR A MORE VISIBLE U.S. ECONOMIC ROLE IN ASEAN AND MORE RESPONSIVE U.S. ATTITUDE TOWARD NORTH/SOUTH ISSUES, ESPECIALLY ON COMMODITY POLICIES. DISCUSSION WITH THE SENATORS FOCUSSED ON ECONOMIC ISSUES; WITH THE CONGRESSMEN ON POLITICAL QUESTIONS. SENATORS CHURCH AND JAVITS INDICATED SENATE'S RESERVE ON THE COMMON FUND, GIVEN TRADITIONALLY CAUTIOUS APPROACH TO INTERNATIONAL COMMODITY AGREEMENT; THE FEELING THAT THERE SHOULD BE GREATER RECIPROCITY FROM DEVELOPING COUNTRIES ON NORTH/SOUTH ISSUES (E.G., SECURITY OF SUPPLY AND PRICE STABILITY); OPEC'S INADEQUATE SUPPORT FOR OTHER DEVELOPING COUNTRIES; CONFIDENTIAL

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AND CONGRESS' ATTACHMENT TO BHN CRITERIA IN U.S. AID. IN THE MEETING WITH HOUSE LEADERS, MOST QUESTIONS DEALT WITH ASEAN'S VIEW OF U.S. RECOGNITION OF PRC (UNCONCERNED); FUTURE ASEAN RELATIONS WITH INDOCHINA (NO PRESENT INTENTION

OF ADMITTING SRV TO ASEAN), AND REFUGEES (NEED FOR MUCH LARGER, REGULARIZED RESETTLEMENT PROGRAM; UTILITY OF INTERNATIONAL CONFERENCE).

D. AMERICAN BUSINESS. U.S. CHAMBER RECEPTION WAS WELL ATTENDED BY BUSINESS EXECUTIVES FROM VARIOUS PARTS OF COUNTRY AS WELL AS APCAC REPS. IT WAS PRECEDED BY EXTENSIVE BRIEFING ON ASEAN BY CHAMBER, APCAC AND GOVERNMENT SPOKESMEN. ESTABLISHMENT OF ASEAN-US BUSINESS COUNCIL WAS ENDORSED BOTH AT RECEPTION AND IN MINISTERIAL MEETING. FURTHER MEETING BETWEEN SOME ASEAN MINISTERS WITH BUSINESSMEN CONTINUED AUGUST 8 IN NEW YORK UNDER AUSPICES OF ASIA SOCIETY, FAR EAST-AMERICA COUNCIL AND ASEAN-US TRADE COUNCIL. TO LARGE BUSINESS AUDIENCE MINISTER WIDJOJO PRESENTED ASEAN ACCOMPLISHMENTS IN FAVORABLE LIGHT, SOUGHT US COOPERATION IN NORTH/SOUTH ISSUES AND INDICATED ASEAN COUNTRIES RECEPTIVITY FOR US INVESTMENTS. SUBSEQUENT Q'S AND A'S WITH ASEAN PANEL HEADED BY MINISTER PATERNO FOCUSED ON ASEAN INDUSTRIAL COMPLEMENTARITY AND SHOWED THERE IS USEFUL MATERIAL FOR PRIVATE SECTOR DIALOGUE.

E. THE MEDIA. ABOUT 300 PEOPLE FILLED THE ROOM AT THE NATIONAL PRESS CLUB LUNCHEON AND THERE WAS GOOD ATTENDANCE AT THE PRESS CONFERENCE. HOWEVER, IMMEDIATE DOMESTIC PRESS COVERAGE WAS LIMITED TO NY TIMES, WASHINGTON

POST AND L.A. TIMES AND COULD NOT COMPETE WITH MORE DRAMATIC STORIES FOR HEADLINES OR COVERAGE IN DEPTH, TV NETWORKS FILMED PUBLIC EVENTS BUT SHOWED ALMOST NOTHING ON NEWS PROGRAMS. THE ASEAN MINISTERS WERE DISAPPOINTED, BUT WE HOPE SUBSEQUENT COVERAGE IN NEWS MAGAZINES, ETC. CONFIDENTIAL

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WILL OCCUR. MAIN MESSAGE PUT FORWARD BY ASEAN SPOKESMAN IN PUBLIC STATEMENTS (PRIMARILY ROMULO AND RAJARATNAM) WAS THAT ASEAN DISPROVED "DOMINO" THEORY. WHILE ASEAN IS A SUCCESS STORY OF INDEPENDENCE, RESILIENCE, GROWTH, AND THE EFFECTIVE FUNCTIONING OF THE FREE-ENTERPRISE SYSTEM, THE "OTHER SIDE" (A LA RAJARATNAM) IS IN DISARRAY, FIGHTING EACH OTHER AND PREOCCUPIED WITH INTERNAL PROBLEMS. IT IS THUS IN THE FAR-SIGHTED SELF-INTEREST OF THE UNITED STATES TO SUPPORT ASEAN AND ITS MEMBERS. ASEAN DOES NOT COME TO U.S. WITH HAT IN HAND "BEGGING FOR HAND OUTS", BUT AS PARTNERS WHO SHARE MUTUAL INTERESTS; IT PREFERS MORE TRADE TO MERE AID.

3. THE DISCUSSIONS. FIRST SUBSTANTIVE AGENDA ITEM, "EXCHANGE OF VIEWS ON RECENT DEVELOPMENTS AFFECTING ASEAN AND U.S.," CONSISTED ESSENTIALLY OF SECRETARY'S TOUR D' HORIZON OF U.S. GLOBAL OUTLOOK, COVERING RELATIONS WITH USSR, U.S. STAKE IN ASIA-PACIFIC REGIONS, MIDDLE EAST,

AFRICA AND U.S. RELATIONS WITH VIETNAM (SEE SEPTTEL). ROMULO CHARACTERIZED STATEMENT TO PRESIDENT AS "EXCELLENT BRIEFING" AND ASEAN MINISTERS SEEM TO HAVE HAD FEELING THAT SECRETARY GENUINELY TOOK THEM INTO HIS CONFIDENCE. THEY WERE PARTICULARLY PLEASED AT HIS PROMISE TO CONSULT THEM ON COURSE OF U.S. RELATIONS WITH SRV AND UN INDIAN OCEAN TALKS (SHOULD THEY RESUME). UNFORTUNATELY, NO FREE EXCHANGE DEVELOPED (PARTLY, WE UNDERSTAND, BECAUSE MINISTERS WERE UNCERTAIN ON HOW TO PROCEED AND RELUCTANT TO EXPOSE ANY LACK OF UNANIMITY ON GLOBAL/REGIONAL POLITICAL ISSUES OF INTEREST TO ASEAN). EXCEPTION WAS FONMIN RAJARATNAM WHO IN THIS SECTION, THE OPENING STATEMENT, THE HILL AND NPC SPEECH DEVELOPED STRONG ANTI-COMMUNIST "WE VS. THEY" THEME WHICH DISCOMFITED OTHER DELS (EXCEPT ROMULO). IN COMMENTS MADE AT FIRST SESSION, IN PRIVATE TALKS AND CONFIDENTIAL

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IN COMMENTS TO HIRC AND PRESS, THERE WAS CONSIDERABLE DISCUSSION OF ASEAN RELATIONSHIP WITH INDOCHINA COUNTRIES AND PRC. THE QUESTION OF FORMAL SRV-ASEAN RELATIONSHIP WAS DESCRIBED PUBLICLY AS MATTER TO BE DETERMINED BY ASEAN CONSENSUS WHICH HAD NOT BEEN FORMALLY ADDRESSED; AND THERE WAS WIDE VARIANCE IN ATTITUDES EXPRESSED BY DIFFERENT MINISTERS WITH MALAYSIA THE MOST POSITIVE PUBLICLY AND SINGAPORE TAKING THE HARDEST LINE. IN PRIVATE ALL ASEAN MINISTERS EXPRESSED GREAT CAUTION RE INDOCHINA, PARTICULARLY SRV WHICH THEY SEE AS MAJOR POTENTIAL THREAT AND NOT

REALLY UNDER CONSIDERATION FOR ASEAN MEMBERSHIP. THEY EXPRESSED HOPE THAT BALANCE BETWEEN CHINA, VIETNAM AND CAMBODIA SOMEHOW BE MAINTAINED AND THAT FIGHTING NOT ESCALATE. THEY ALSO PRIVATELY EXPRESSED APPREHENSION OVER PRC ATTITUDE TOWARD OVERSEAS CHINESE, PARTICULARLY IN LIGHT OF RECENT EVENTS BETWEEN PRC AND SRV.

4. REFUGEES. DISCUSSION OF REFUGEES WAS A SET-PIECE WITH EXCEPTION OF SECRETARY'S QUERIES ON UTILITY OF AN INTERNATIONAL CONFERENCE. THE ASEAN HEADS FAVORED AN INTERNATIONAL CONFERENCE, BUT THEIR COMMENTS ALSO SHOWED THEY HAD NOT THOUGHT THROUGH THE IMPLICATIONS -- SPECIFICALLY AS APPLIED TO POTENTIAL INVITEES. THEY URGED OTHER STATES TO DO MORE BUT DID NOT GO INTO HOW THIS RESULT COULD BE ACHIEVED.

5. WHILE SIX ASEAN MEMORANDA PRESENTED TO US IN FINAL FORM DURING MEETING WERE IF ANYTHING MORE DEMANDING IN TONE ON ASEAN DESIDERATA THAN PREVIOUS ELEVEN MEMOS IN MANILA, ACTUAL DISCUSSIONS IN MEETING WERE MUCH MORE MODERATE. WIDJOJO PRESENTED ASEAN VIEWS ON NORTH/SOUTH ISSUES AND EMPHASIZED LACK OF PROGRESS PRIMARILY ON IPC AND COMMON FUND NEGOTIATIONS. HE ALSO MENTIONED SLACK IN U.S. AND WORLD ECONOMIES AND RISE OF PROTECTIONISM. SECRETARY

BLUMENTHAL AND UNDER SECRETARY COOPER BOTH DEFENDED U.S.  
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ECONOMIC PERFORMANCE AND EFFECTIVE RESISTANCE TO PROTECTIONIST PRESSURES. ON COMMON FUND, U.S. SIDE FELT SOME NARROWING OF DIFFERENCES ALREADY OCCURRED SINCE SUSPENDED NEGOTIATIONS, BUT MORE HARD WORK NEEDS TO BE DONE. SECRETARY VANCE RECOGNIZED IMPORTANCE OF COMMON FUND AND PLEDGED ACTIVE U.S. PURSUIT OF AN AGREEMENT -- A POSITION SUPPORTED BY SECRETARY BLUMENTHAL THE NEXT DAY. COMMON FUND WAS SUBSEQUENTLY DISCUSSED IN SIDE TALKS BETWEEN COOPER AND ASEAN ECONOMIC MINISTERS AND OFFICIALS WHICH CLARIFIED MANY THORNY ISSUES (BEING REPORTED SEPTEL). A SEPARATE PRESENTATION BY ASEAN ON INDIVIDUAL COMMODITY ISSUES AND STABEX WAS NEVER MADE AND ONLY SUBMITTED FOR THE RECORD. THUS STABEX WAS NOT DISCUSSED AT ALL.

6. DISCUSSIONS OF GLOBAL ECONOMIC OUTLOOK AND POLICIES WITH SECRETARY BLUMENTHAL WERE EXTENDED AND USEFUL. IT GAVE U.S. OPPORTUNITY -- INTER ALIA -- TO REAFFIRM U.S. SUPPORT FOR IFIS. DIFFERENCES OF VIEW ON MERIT OF TAX DEFERRAL WERE BRIDGED BY U.S. ASSESSMENT THAT ITS PHASING OUT IS UNLIKELY TO PASS CONGRESS IN NEAR FUTURE. STATEMENT ON PLANNED ROLE OF EXIM BANK AND OPIC IN REGION AS WELL AS VISITS BY EXIM BANK CHAIRMAN AND OPIC ORGANIZED INVESTMENT MISSION WERE WELL RECEIVED.

7. ON TRADE, ASEAN REPEATED REQUESTS ALREADY MADE EARLIER ON GSP IMPROVEMENTS, ELICITING ESSENTIALLY THE SAME REPLY EXCEPT THAT U.S. WAS ABLE TO ANNOUNCE ITS SUPPORT FOR THE ENABLING CLAUSE IN GATT TO GIVE GSP A FIRMER LEGAL STATUS IN THE WORLD TRADING SYSTEM. PERHAPS MOST DISAPPOINTING WAS MTN DISCUSSION WHICH DID NOT SIGNIFICANTLY ADVANCE NEGOTIATIONS. (NOTE: US-ASEAN SIDE TALKS WERE CALLED OFF BY ASEAN SINCE THEY WERE NOT SUFFICIENTLY PREPARED, ALTHOUGH U.S. DID HOLD BILATERALS WITH PHILIPPINES AND  
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INDONESIANS.) ASEAN SPOKESMAN (PHILIPPINES) INDICATED DISAPPOINTMENT WITH MTN "FRAMEWORK OF UNDERSTANDING", BUT AMBASSADOR WOLFF EFFECTIVELY ANSWERED BY NOTING THAT LDCS HAD ASKED THAT INDUSTRIALIZED COUNTRIES AGREE FIRST, "FRAMEWORK OF UNDERSTANDING" IS THUS THE ESSENTIAL FIRST STEP AND LDC DEMANDS FOR SPECIAL AND DIFFERENTIAL TREATMENT CAN BE EFFECTIVELY CONSIDERED ONLY IN RELATION TO THE INDUSTRIALIZED COUNTRIES' AGREEMENT. HE URGED THAT LDCS BEGIN TO NEGOTIATE IN EARNEST BETWEEN NOW AND DECEMBER 15 AND NOTED ADVANTAGES FOR LDCS IN ADHERING TO CODES WHICH U.S. SUPPORTS.

8. THE DISCUSSION ON DEVELOPMENT COOPERATION WELCOMED THE RESULTS OF THE MEETING OF THE TECHNICAL EXPERTS IN MANILA AND ENDORSED THE IMPLEMENTATION PROCESS ON A NUMBER OF PROJECTS. USEFUL EXCHANGES OF VIEWS ON FOOD, ENERGY, SCIENCE AND TECHNOLOGY, AND NARCOTICS RESULTED IN ESTABLISHING THE FRAMEWORK FOR FURTHER COOPERATION IN THESE FIELDS. EXPECTED CRITICISM OF U.S. UNWILLINGNESS TO PROVIDE CONCESSIONAL SUPPORT FOR THE ASEAN INDUSTRIAL PROJECTS WAS PREEMPTED BY EXIM STATEMENT REGARDING ITS GENERAL WILLINGNESS TO PARTICIPATE IN FINANCING ASEAN INDUSTRIALIZATION PROJECTS. ASEAN DID PLEAD, HOWEVER, FOR ADAPTING BHN CRITERIA TO ASEAN REQUIREMENTS FOR ;OB CREATION AND INDUSTRIALIZATION.

9. IN FUTURE. PRELIMINARY REACTIONS FROM ASEAN PARTICIPANTS AS THEY DEPARTED WASHINGTON WERE FAVORABLE. GENERAL SATISFACTION WAS EXPRESSED THAT U.S. HAD TAKEN STEP TO DEMONSTRATE POLITICAL INTEREST IN AND DISPLAYED SOME TANGIBLE EVIDENCE OF OUR SUPPORT FOR ASEAN COHESION AND DEVELOPMENT. THERE WAS ALSO SOME APPARENT PRIDE THAT WE REGARDED ASEAN AS AN INFLUENTIAL FORCE IN INTERNATIONAL FORA SUCH AS THE G-77 AND UNCTAD. HOWEVER, THERE REMAIN SUFFICIENT AMBIGUITIES AND LACK OF EARLY PROGRESS ON SPECIFIC ISSUES OF MAIN CONCERN (PARTICULARLY THE COMMON  
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FUND GSP AND MTN) TO POSE THE DANGER THAT THE RAPPORT ESTABLISHED AT THE MEETING COULD DISSIPATE. THIS IS EVIDENCED BY CURRENT PRESS CARPING IN ASEAN CAPITALS EVEN

BEFORE THEIR DELEGATION RETURN. WE EXPECT THAT INDIVIDUAL DELEGATES WILL VOICE SOME DISSATISFACTION. SIGNIFICANTLY, ASEAN DELS WERE CAREFUL TO LEAVE OPEN PRIVATELY AS WELL AS PUBLICLY QUESTION OF TIMING AND, IMPORTANTLY, LEVEL OF NEXT MEETING. HOWEVER, WE BELIEVE THAT A CAREFUL AND WELL-MANAGED FOLLOW-UP BY BOTH SIDES CAN CAPITALIZE ON THE FOCUS AND MOMENTUM WHICH HAS NOW BEEN ESTABLISHED.

10. DEPARTMENT WILL PROVIDE INSTRUCTIONS ON FOLLOW-UP STEPS TO MAXIMIZE MOMENTUM GAINED FROM MEETING.

11. ACTION REQUESTED: POSTS ARE INVITED TO REPORT ON HOST COUNTRY REACTIONS AND PROVIDE COMMENTS USEFUL TO OUR CONTINUING ASSESSMENT OF US-ASEAN RELATIONS.

12. DOCUMENTS. COPIES OF SUMMARY RECORD PLUS SCOPE AND OTHER APPROPRIATE BRIEFING PAPERS ARE BEING POUCHED. VANCE

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FM SECSTATE WASHDC

TO AMEMBASSY VIENTIANE

C O N F I D E N T I A L STATE 202046

FOLLOWING REPEAT STATE 202046 SENT ACTION JAKARTA, KUALA  
LUMPUR, MANILA, SINGAPORE, BANGKOK, CINCPAC HONOLULU HAWAII,  
INFO TOKYO, CANBERRA, WELLINGTON, BRUSSELS, PEKING, OTTAWA,  
RANGOON, COLOMBO, PORT MORESBY, SEOUL, PARIS, GENEVA 10 AUG 78

QUOTE C O N F I D E N T I A L STATE 202046

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SUMMARY.

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D. AMERICAN BUSINESS. U.S. CHAMBER RECEPTION WAS WELL ATTENDED BY BUSINESS EXECUTIVES FROM VARIOUS PARTS OF COUNTRY AS WELL AS APCAC REPS. IT WAS PRECEDED BY EXTENSIVE BRIEFING ON ASEAN BY CHAMBER, APCAC AND GOVERNMENT SPOKESMEN. ESTABLISHMENT OF ASEAN-US BUSINESS COUNCIL WAS ENDORSED BOTH AT RECEPTION AND IN MINISTERIAL MEETING. FURTHER MEETING BETWEEN SOME ASEAN MINISTERS WITH BUSINESSMEN CONTINUED AUGUST 8 IN NEW YORK UNDER  
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AUSPICES OF ASIA SOCIETY, FAR EAST-AMERICA COUNCIL AND ASEAN-US TRADE COUNCIL. TO LARGE BUSINESS AUDIENCE MINISTER WIDJOJO PRESENTED ASEAN ACCOMPLISHMENTS IN FAVORABLE LIGHT, SOUGHT US COOPERATION IN NORTH/SOUTH ISSUES AND INDICATED ASEAN COUNTRIES RECEPTIVITY FOR US INVESTMENTS. SUBSEQUENT Q'S AND A'S WITH ASEAN PANEL HEADED BY MINISTER PATERNO FOCUSED ON ASEAN INDUSTRIAL

COMPLEMENTARITY AND SHOWED THERE IS USEFUL MATERIAL FOR PRIVATE SECTOR DIALOGUE.

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3. THE DISCUSSIONS. FIRST SUBSTANTIVE AGENDA ITEM, "EXCHANGE OF VIEWS ON RECENT DEVELOPMENTS AFFECTING ASEAN AND U.S.," CONSISTED ESSENTIALLY OF SECRETARY'S TOUR D' CONFIDENTIAL

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HORIZON OF U.S. GLOBAL OUTLOOK, COVERING RELATIONS WITH USSR, U.S. STAKE IN ASIA-PACIFIC REGIONS, MIDDLE EAST, AFRICA AND U.S. RELATIONS WITH VIETNAM (SEE SEPTTEL). ROMULO CHARACTERIZED STATEMENT TO PRESIDENT AS "EXCELLENT BRIEFING" AND ASEAN MINISTERS SEEM TO HAVE HAD FEELING THAT SECRETARY GENUINELY TOOK THEM INTO HIS CONFIDENCE. THEY WERE PARTICULARLY PLEASED AT HIS PROMISE TO CONSULT THEM ON COURSE OF U.S. RELATIONS WITH SRV AND UN INDIAN OCEAN TALKS (SHOULD THEY RESUME). UNFORTUNATELY, NO FREE EXCHANGE DEVELOPED (PARTLY, WE UNDERSTAND, BECAUSE MINISTERS WERE UNCERTAIN ON HOW TO PROCEED AND RELUCTANT TO EXPOSE ANY LACK OF UNANIMITY ON GLOBAL/REGIONAL POLITICAL ISSUES OF INTEREST TO ASEAN). EXCEPTION WAS FONMIN RAJARATNAM WHO IN THIS SECTION, THE OPENING STATEMENT, THE HILL AND NPC SPEECH DEVELOPED STRONG ANTI-COMMUNIST "WE VS. THEY" THEME WHICH DISCOMFITED OTHER DELS (EXCEPT ROMULO). IN COMMENTS MADE AT FIRST SESSION, IN PRIVATE TALKS AND IN COMMENTS TO HIRC AND PRESS, THERE WAS CONSIDERABLE DISCUSSION OF ASEAN RELATIONSHIP WITH INDOCHINA COUNTRIES AND PRC. THE QUESTION OF FORMAL SRV-ASEAN RELATIONSHIP WAS DESCRIBED PUBLICLY AS MATTER TO BE DETERMINED BY ASEAN

CONSENSUS WHICH HAD NOT BEEN FORMALLY ADDRESSED; AND THERE WAS WIDE VARIANCE IN ATTITUDES EXPRESSED BY DIFFERENT MINISTERS WITH MALAYSIA THE MOST POSITIVE PUBLICLY AND SINGAPORE TAKING THE HARDEST LINE. IN PRIVATE ALL ASEAN MINISTERS EXPRESSED GREAT CAUTION RE INDOCHINA, PARTICULARLY SRV WHICH THEY SEE AS MAJOR POTENTIAL THREAT AND NOT

REALLY UNDER CONSIDERATION FOR ASEAN MEMBERSHIP. THEY EXPRESSED HOPE THAT BALANCE BETWEEN CHINA, VIETNAM AND CAMBODIA SOMEHOW BE MAINTAINED AND THAT FIGHTING NOT ESCALATE. THEY ALSO PRIVATELY EXPRESSED APPREHENSION OVER PRC ATTITUDE TOWARD OVERSEAS CHINESE, PARTICULARLY CONFIDENTIAL

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IN LIGHT OF RECENT EVENTS BETWEEN PRC AND SRV.

4. REFUGEES. DISCUSSION OF REFUGEES WAS A SET-PIECE WITH EXCEPTION OF SECRETARY'S QUERIES ON UTILITY OF AN INTERNATIONAL CONFERENCE. THE ASEAN HEADS FAVORED AN INTERNATIONAL CONFERENCE, BUT THEIR COMMENTS ALSO SHOWED THEY HAD NOT THOUGHT THROUGH THE IMPLICATIONS -- SPECIFICALLY AS APPLIED TO POTENTIAL INVITEES. THEY URGED OTHER STATES TO DO MORE BUT DID NOT GO INTO HOW THIS RESULT COULD BE ACHIEVED.

5. WHILE SIX ASEAN MEMORANDA PRESENTED TO US IN FINAL FORM DURING MEETING WERE IF ANYTHING MORE DEMANDING IN TONE ON ASEAN DESIDERATA THAN PREVIOUS ELEVEN MEMOS IN MANILA, ACTUAL DISCUSSIONS IN MEETING WERE MUCH MORE MODERATE. WIDJOJO PRESENTED ASEAN VIEWS ON NORTH/SOUTH ISSUES AND EMPHASIZED LACK OF PROGRESS PRIMARILY ON IPC AND COMMON FUND NEGOTIATIONS. HE ALSO MENTIONED SLACK IN U.S. AND WORLD ECONOMIES AND RISE OF PROTECTIONISM. SECRETARY BLUMENTHAL AND UNDER SECRETARY COOPER BOTH DEFENDED U.S. ECONOMIC PERFORMANCE AND EFFECTIVE RESISTANCE TO PROTECTIONIST PRESSURES. ON COMMON FUND, U.S. SIDE FELT SOME NARROWING OF DIFFERENCES ALREADY OCCURRED SINCE SUSPENDED NEGOTIATIONS, BUT MORE HARD WORK NEEDS TO BE DONE. SECRETARY VANCE RECOGNIZED IMPORTANCE OF COMMON FUND AND PLEDGED ACTIVE U.S. PURSUIT OF AN AGREEMENT -- A POSITION SUPPORTED BY SECRETARY BLUMENTHAL THE NEXT DAY. COMMON FUND WAS SUBSEQUENTLY DISCUSSED IN SIDE TALKS BETWEEN COOPER AND ASEAN ECONOMIC MINISTERS AND OFFICIALS WHICH CLARIFIED MANY THORNY ISSUES (BEING REPORTED SEPTEL). A SEPARATE PRESENTATION BY ASEAN ON INDIVIDUAL COMMODITY ISSUES AND STABEX WAS NEVER MADE AND ONLY SUBMITTED FOR THE RECORD. THUS STABEX WAS NOT DISCUSSED AT ALL.

6. DISCUSSIONS OF GLOBAL ECONOMIC OUTLOOK AND POLICIES WITH SECRETARY BLUMENTHAL WERE EXTENDED AND USEFUL. IT CONFIDENTIAL

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GAVE U.S. OPPORTUNITY -- INTER ALIA -- TO REAFFIRM U.S. SUPPORT FOR IFIS. DIFFERENCES OF VIEW ON MERIT OF TAX DEFERRAL WERE BRIDGED BY U.S. ASSESSMENT THAT ITS PHASING OUT IS UNLIKELY TO PASS CONGRESS IN NEAR FUTURE. STATEMENT ON PLANNED ROLE OF EXIM BANK AND OPIC IN REGION AS WELL AS VISITS BY EXIM BANK CHAIRMAN AND OPIC ORGANIZED INVESTMENT MISSION WERE WELL RECEIVED.

7. ON TRADE, ASEAN REPEATED REQUESTS ALREADY MADE EARLIER ON GSP IMPROVEMENTS, ELICITING ESSENTIALLY THE SAME REPLY EXCEPT THAT U.S. WAS ABLE TO ANNOUNCE ITS SUPPORT FOR THE ENABLING CLAUSE IN GATT TO GIVE GSP A FIRMER LEGAL STATUS IN THE WORLD TRADING SYSTEM. PERHAPS MOST DISAPPOINTING WAS MTN DISCUSSION WHICH DID NOT SIGNIFICANTLY ADVANCE NEGOTIATIONS. (NOTE: US-ASEAN SIDE TALKS WERE CALLED OFF BY ASEAN SINCE THEY WERE NOT SUFFICIENTLY PREPARED, ALTHOUGH U.S. DID HOLD BILATERALS WITH PHILIPPINES AND INDONESIANS.) ASEAN SPOKESMAN (PHILIPPINES) INDICATED DISAPPOINTMENT WITH MTN "FRAMEWORK OF UNDERSTANDING", BUT AMBASSADOR WOLFF EFFECTIVELY ANSWERED BY NOTING THAT LDCS HAD ASKED THAT INDUSTRIALIZED COUNTRIES AGREE FIRST, "FRAMEWORK OF UNDERSTANDING" IS THUS THE ESSENTIAL FIRST STEP AND LDC DEMANDS FOR SPECIAL AND DIFFERENTIAL TREATMENT CAN BE EFFECTIVELY CONSIDERED ONLY IN RELATION TO THE INDUSTRIALIZED COUNTRIES' AGREEMENT. HE URGED THAT LDCS BEGIN TO NEGOTIATE IN EARNEST BETWEEN NOW AND DECEMBER 15 AND NOTED ADVANTAGES FOR LDCS IN ADHERING TO CODES WHICH U.S. SUPPORTS.

8. THE DISCUSSION ON DEVELOPMENT COOPERATION WELCOMED THE RESULTS OF THE MEETING OF THE TECHNICAL EXPERTS IN MANILA AND ENDORSED THE IMPLEMENTATION PROCESS ON A NUMBER OF PROJECTS. USEFUL EXCHANGES OF VIEWS ON FOOD, ENERGY, CONFIDENTIAL

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SCIENCE AND TECHNOLOGY, AND NARCOTICS RESULTED IN ESTABLISHING THE FRAMEWORK FOR FURTHER COOPERATION IN THESE FIELDS. EXPECTED CRITICISM OF U.S. UNWILLINGNESS TO PROVIDE CONCESSIONAL SUPPORT FOR THE ASEAN INDUSTRIAL PROJECTS WAS PREEMPTED BY EXIM STATEMENT REGARDING ITS GENERAL WILLINGNESS TO PARTICIPATE IN FINANCING ASEAN INDUSTRIALIZATION PROJECTS. ASEAN DID PLEAD, HOWEVER, FOR ADAPTING BHN CRITERIA TO ASEAN REQUIREMENTS FOR ;OB CREATION AND INDUSTRIALIZATION.

9. IN FUTURE. PRELIMINARY REACTIONS FROM ASEAN PARTICIPANTS AS THEY DEPARTED WASHINGTON WERE FAVORABLE. GENERAL SATISFACTION WAS EXPRESSED THAT U.S. HAD TAKEN STEP TO DEMONSTRATE POLITICAL INTEREST IN AND DISPLAYED SOME TANGIBLE EVIDENCE OF OUR SUPPORT FOR ASEAN COHESION AND

DEVELOPMENT. THERE WAS ALSO SOME APPARENT PRIDE THAT WE REGARDED ASEAN AS AN INFLUENTIAL FORCE IN INTERNATIONAL FORA SUCH AS THE G-77 AND UNCTAD. HOWEVER, THERE REMAIN SUFFICIENT AMBIGUITIES AND LACK OF EARLY PROGRESS ON SPECIFIC ISSUES OF MAIN CONCERN (PARTICULARLY THE COMMON FUND GSP AND MTN) TO POSE THE DANGER THAT THE RAPPORT ESTABLISHED AT THE MEETING COULD DISSIPATE. THIS IS EVIDENCED BY CURRENT PRESS CARPING IN ASEAN CAPITALS EVEN

BEFORE THEIR DELEGATION RETURN. WE EXPECT THAT INDIVIDUAL DELEGATES WILL VOICE SOME DISSATISFACTION. SIGNIFICANTLY, ASEAN DELS WERE CAREFUL TO LEAVE OPEN PRIVATELY AS WELL AS PUBLICLY QUESTION OF TIMING AND, IMPORTANTLY, LEVEL OF NEXT MEETING. HOWEVER, WE BELIEVE THAT A CAREFUL AND WELL-MANAGED FOLLOW-UP BY BOTH SIDES CAN CAPITALIZE ON THE FOCUS AND MOMENTUM WHICH HAS NOW BEEN ESTABLISHED.

10. DEPARTMENT WILL PROVIDE INSTRUCTIONS ON FOLLOW-UP STEPS TO MAXIMIZE MOMENTUM GAINED FROM MEETING.

11. ACTION REQUESTED: POSTS ARE INVITED TO REPORT ON CONFIDENTIAL

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HOST COUNTRY REACTIONS AND PROVIDE COMMENTS USEFUL TO OUR CONTINUING ASSESSMENT OF US-ASEAN RELATIONS.

12. DOCUMENTS. COPIES OF SUMMARY RECORD PLUS SCOPE AND OTHER APPROPRIATE BRIEFING PAPERS ARE BEING POUCHED. VANCE

UNQUOTE VANCE

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C O N F I D E N T I A L STATE 202046

FOLLOWING REPEAT STATE 202046 SENT ACTION JAKARTA, KUALA LUMPUR, MANILA, SINGAPORE, BANGKOK, CINCPAC NONOLULU HAWAII INFO TOKYO, CANBERRA, WELLINGTON, BRUSSELS, PEKING, OTTAWA, RANGOON,

COLOMBO, PORT MORESBY, SEOUL, PARIS AND GENEVA AUG 10.

QUOTE: C O N F I D E N T I A L STATE 202046

BRUSSELS FOR USEC, PARIS FOR OECD, GENEVA FOR GATT

E.O. 11652: GDS

TAGS: ASEAN

SUBJECT: US-ASEAN MINISTERIAL MEETING - OVERVIEW  
FOR THE AMBASSADOR

1. SUMMARY. THE SECOND US-ASEAN DIALOGUE APPEARS TO HAVE ACHIEVED THE OBJECTIVES WHICH THE U.S. SIDE SOUGHT TO ACCOMPLISH AND ALL THE ASEAN MINISTERS SEEM TO HAVE LEFT WASHINGTON BELIEVING THE MEETING WAS WORTHWHILE. WE REAFFIRMED PUBLICLY AND PRIVATELY U.S. SUPPORT FOR ASEAN, ECONOMICALLY AS WELL AS POLITICALLY; WE PRODUCED SOME CONCRETE ACCOMPLISHMENTS FOR THE SHORT-TERM (AND THE PERSONAL RELATIONSHIP ESTABLISHED AND VIEWS EXCHANGED BE-  
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TWEEN KEY ASEAN AND U.S. OFFICIALS AUGUR WELL FOR THE LONGER-TERM); AND ASEAN HAD A GOOD OPPORTUNITY TO PRESENT ITS ACHIEVEMENTS, GOALS AND ASPIRATIONS TO THE HIGHEST LEVELS OF THE U.S. GOVERNMENT, CONGRESS AND THE BUSINESS COMMUNITY. PROBABLY MOST IMPORTANT SPECIFIC ACHIEVEMENT IN ASEAN MINISTERS' EYES WAS AFFIRMATION BY SECRETARIES VANCE AND BLUMENTHAL THAT U.S. WILL ACTIVELY PURSUE COMMON FUND NEGOTIATIONS TO AN EARLY SUCCESSFUL CONCLUSION. END SUMMARY.

2. THE EVENTS. PACKED TWO AND ONE HALF DAY SCHEDULE INCLUDED SERIES OF MEETINGS AND EXPOSURE TO PRESIDENT, VICE PRESIDENT, EXECUTIVE BRANCH, CONGRESS, BUSINESS AND THE

MEDIA. ALL COMMENTS WE HEARD INDICATE THAT ASEAN DELEGATES WERE HIGHLY SATISFIED WITH PROGRAM, WITH HIGH-LEVEL AND EXTENSIVE PARTICIPATION OF U.S. OFFICIALS AND OPPORTUNITIES OFFERED TO THEM TO MAKE THEIR CASE.

A. EXECUTIVE BRANCH. FROM AUGUST 2-4, ASEAN MINISTERS MET WITH PRESIDENT (AND THE VICE PRESIDENT AS GUEST OF HONOR AT DINNER), SIX OTHER CABINET MEMBERS (ANDY YOUNG WAS AT DINNER) AND OTHER KEY OFFICIALS. THE SECRETARY OF STATE CHAIRED PRACTICALLY THE FULL FIRST DAY OF THE MEETING WHERE HE PARTICIPATED ACTIVELY IN THE POLITICAL TOUR D'HORIZON AND SOME OF THE ECONOMIC DISCUSSIONS. HE HOSTED A DINNER THE FIRST NIGHT WITH HEADS OF DELEGATION AT HIS SMALL TABLE. DINNER WAS ATTENDED BY CONGRESSIONAL LEADERS AS WELL AS BUSINESS AND LABOR REPRESENTATIVES (GEORGE MEANY). HE RETURNED THE SECOND

DAY TO PARTICIPATE IN THE JOINT PRESS CONFERENCE. SECRETARY BLUMENTHAL CHAIRED THE MEETING THE MORNING OF THE SECOND DAY WHICH HAD AN EXTENSIVE AND LIVELY EXCHANGE OF CONFIDENTIAL

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VIEWS ON THE GENERAL STATE OF THE U.S. AND WORLD ECONOMIES AND ON U.S. POLICIES. HE ALSO HOSTED A LUNCH FOR THE ASEAN MINISTERS AND CONTINUED CONVERSATIONS. SECRETARY KREPS CO-HOSTED A RECEPTION WITH THE PRESIDENT OF THE U.S. CHAMBER FOR BUSINESSMEN FROM ALL OVER THE U.S. AND CO-CHAIRLED THE AFTERNOON MEETING OF AUGUST 3. GOVERNOR GILLIGAN AND SECRETARY BERGLAND SHARED THE CHAIR IN THE AFTERNOON OF AUGUST 4. OTHER HIGH RANKING PARTICIPANTS IN THE MEETING ON THE U.S. SIDE WERE SECRETARY SCHLESINGER, UNDER SECRETARIES NEWSOM AND COOPER, ASSISTANT SECRETARY WEIL (COMMERCE), LUBICK (TREASURY), DERIAN (STATE) AMBASSADOR WOLFF (STR), DR. REINHARDT (ICA), CHAIRMAN MOORE (EXIM BANK), POATS (OPIC), AMBASSADOR WILKOWSKI, AND MRS. FALCO.

B. THE PRESIDENT. MEETING LASTED ABOUT HALF HOUR. PRESIDENT EXPRESSED HIS ADMIRATION FOR ECONOMIC ACHIEVEMENTS, HOSPITABLE BUSINESS CLIMATE AND HARMONY AND STABILITY OF ASEAN SOCIETIES. ROMULO SOUNDED THEMES OUTLINED BELOW (IN PARAS 2E AND 3) AND EXPRESSED ENTHUSIASM ABOUT U.S. ATTITUDE ON COMMON FUND. PRESIDENT REAFFIRMED ABIDING U.S. INTEREST IN SEASIA AND RECOGNITION OF STRENGTH AND VIABILITY OF ASEAN. HE ACKNOWLEDGED IMPORTANCE OF COMMON FUND, URGED EXPANDED TRADE AND INVESTMENT RELATIONS AND INVITED ASEAN COOPERATION, ADVICE AND COUNSEL ON MATTERS OF MUTUAL INTEREST. SOME ASEAN DELS SUBSEQUENTLY SAID DISCUSSION WITH PRESIDENT WAS TOO GENERAL, BUT THEIR OWN SPOKESMEN DID NOT RAISE ANY SPECIFIC ISSUES BEYOND REFERENCE TO COMMON FUND.

C. THE CONGRESS. AT THE SENATE AND HOUSE MEETINGS EIGHT SENATORS AND ABOUT 20 CONGRESSMEN PARTICIPATED IN CONSIDERABLE GIVE AND TAKE INCLUDING THE CHAIRMEN AND RANKING MEMBERS OF THE SFRC AND HIRC AND THEIR ASIA SUBCOMMITTEES. THERE WAS ALSO SOME CONGRESSIONAL PARTICIPATION IN THE MINISTERIAL MEETING AND IN THE SOCIAL EVENTS. CONFIDENTIAL

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TIONAL CONFERENCE, BUT THEIR COMMENTS ALSO SHOWED THEY HAD

NOT THOUGHT THROUGH THE IMPLICATIONS -- SPECIFICALLY AS APPLIED TO POTENTIAL INVITEES. THEY URGED OTHER STATES TO DO MORE BUT DID NOT GO INTO HOW THIS RESULT COULD BE ACHIEVED.

5. WHILE SIX ASEAN MEMORANDA PRESENTED TO US IN FINAL FORM DURING MEETING WERE IF ANYTHING MORE DEMANDING IN TONE ON ASEAN DESIDERATA THAN PREVIOUS ELEVEN MEMOS IN MANILA, ACTUAL DISCUSSIONS IN MEETING WERE MUCH MORE MODERATE. WIDJOJO PRESENTED ASEAN VIEWS ON NORTH/SOUTH ISSUES AND EMPHASIZED LACK OF PROGRESS PRIMARILY ON IPC AND COMMON FUND NEGOTIATIONS. HE ALSO MENTIONED SLACK IN U.S. AND WORLD ECONOMIES AND RISE OF PROTECTIONISM. SECRETARY BLUMENTHAL AND UNDER SECRETARY COOPER BOTH DEFENDED U.S. ECONOMIC PERFORMANCE AND EFFECTIVE RESISTANCE TO PROTECTIONIST PRESSURES. ON COMMON FUND, U.S. SIDE FELT SOME NARROWING OF DIFFERENCES ALREADY OCCURRED SINCE SUSPENDED NEGOTIATIONS, BUT MORE HARD WORK NEEDS TO BE DONE. SECRETARY VANCE RECOGNIZED IMPORTANCE OF COMMON FUND AND PLEDGED ACTIVE U.S. PURSUIT OF AN AGREEMENT -- A POSITION SUPPORTED BY SECRETARY BLUMENTHAL THE NEXT DAY. COMMON FUND WAS SUBSEQUENTLY DISCUSSED IN SIDE TALKS BETWEEN COOPER AND ASEAN ECONOMIC MINISTERS AND OFFICIALS WHICH CLARIFIED MANY THORNY ISSUES (BEING REPORTED SEPTEL). A SEPARATE PRESENTATION BY ASEAN ON INDIVIDUAL COMMODITY ISSUES AND STABEX WAS NEVER MADE AND ONLY SUBMITTED FOR THE RECORD. THUS STABEX WAS NOT DISCUSSED AT ALL.

6. DISCUSSIONS OF GLOBAL ECONOMIC OUTLOOK AND POLICIES WITH SECRETARY BLUMENTHAL WERE EXTENDED AND USEFUL. IT GAVE U.S. OPPORTUNITY -- INTER ALIA -- TO REAFFIRM U.S. SUPPORT FOR IFIS. DIFFERENCES OF VIEW ON MERIT OF TAX DEFERRAL WERE BRIDGED BY U.S. ASSESSMENT THAT ITS PHASING OUT IS UNLIKELY TO PASS CONGRESS IN NEAR FUTURE. STATEMENT ON PLANNED ROLE OF EXIM BANK AND OPIC IN REGION AS CONFIDENTIAL

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WELL AS VISITS BY EXIM BANK CHAIRMAN AND OPIC ORGANIZED INVESTMENT MISSION WERE WELL RECEIVED.

7. ON TRADE, ASEAN REPEATED REQUESTS ALREADY MADE EARLIER ON GSP IMPROVEMENTS, ELICITING ESSENTIALLY THE SAME REPLY EXCEPT THAT U.S. WAS ABLE TO ANNOUNCE ITS SUPPORT FOR THE ENABLING CLAUSE IN GATT TO GIVE GSP A FIRMER LEGAL STATUS IN THE WORLD TRADING SYSTEM. PERHAPS MOST DISAPPOINTING WAS MTN DISCUSSION WHICH DID NOT SIGNIFICANTLY ADVANCE NEGOTIATIONS. (NOTE: US-ASEAN SIDE TALKS WERE CALLED OFF BY ASEAN SINCE THEY WERE NOT SUFFICIENTLY PREPARED, ALTHOUGH U.S. DID HOLD BILATERALS WITH PHILIPPINES AND INDONESIANS.) ASEAN SPOKESMAN (PHILIPPINES) INDICATED DISAPPOINTMENT WITH MTN "FRAMEWORK OF UNDERSTANDING", BUT AMBASSADOR WOLFF EFFECTIVELY ANSWERED BY NOTING THAT LDCS

HAD ASKED THAT INDUSTRIALIZED COUNTRIES AGREE FIRST, "FRAMEWORK OF UNDERSTANDING" IS THUS THE ESSENTIAL FIRST STEP AND LDC DEMANDS FOR SPECIAL AND DIFFERENTIAL TREATMENT CAN BE EFFECTIVELY CONSIDERED ONLY IN RELATION TO THE INDUSTRIALIZED COUNTRIES' AGREEMENT. HE URGED THAT LDCS BEGIN TO NEGOTIATE IN EARNEST BETWEEN NOW AND DECEMBER 15 AND NOTED ADVANTAGES FOR LDCS IN ADHERING TO CODES WHICH U.S. SUPPORTS.

8. THE DISCUSSION ON DEVELOPMENT COOPERATION WELCOMED THE RESULTS OF THE MEETING OF THE TECHNICAL EXPERTS IN MANILA AND ENDORSED THE IMPLEMENTATION PROCESS ON A NUMBER OF PROJECTS. USEFUL EXCHANGES OF VIEWS ON FOOD, ENERGY, SCIENCE AND TECHNOLOGY, AND NARCOTICS RESULTED IN ESTABLISHING THE FRAMEWORK FOR FURTHER COOPERATION IN THESE FIELDS. EXPECTED CRITICISM OF U.S. UNWILLINGNESS TO PROVIDE CONCESSIONAL SUPPORT FOR THE ASEAN INDUSTRIAL PROJECTS WAS PREEMPTED BY EXIM STATEMENT REGARDING ITS CONFIDENTIAL

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GENERAL WILLINGNESS TO PARTICIPATE IN FINANCING ASEAN INDUSTRIALIZATION PROJECTS. ASEAN DID PLEAD, HOWEVER, FOR ADAPTING BHN CRITERIA TO ASEAN REQUIREMENTS FOR ;OB CREATION AND INDUSTRIALIZATION.

9. IN FUTURE. PRELIMINARY REACTIONS FROM ASEAN PARTICIPANTS AS THEY DEPARTED WASHINGTON WERE FAVORABLE. GENERAL SATISFACTION WAS EXPRESSED THAT U.S. HAD TAKEN STEP TO DEMONSTRATE POLITICAL INTEREST IN AND DISPLAYED SOME TANGIBLE EVIDENCE OF OUR SUPPORT FOR ASEAN COHESION AND DEVELOPMENT. THERE WAS ALSO SOME APPARENT PRIDE THAT WE REGARDED ASEAN AS AN INFLUENTIAL FORCE IN INTERNATIONAL FORA SUCH AS THE G-77 AND UNCTAD. HOWEVER, THERE REMAIN SUFFICIENT AMBIGUITIES AND LACK OF EARLY PROGRESS ON SPECIFIC ISSUES OF MAIN CONCERN (PARTICULARLY THE COMMON FUND GSP AND MTN) TO POSE THE DANGER THAT THE RAPPORT ESTABLISHED AT THE MEETING COULD DISSIPATE. THIS IS EVIDENCED BY CURRENT PRESS CARPING IN ASEAN CAPITALS EVEN

BEFORE THEIR DELEGATION RETURN. WE EXPECT THAT INDIVIDUAL DELEGATES WILL VOICE SOME DISSATISFACTION. SIGNIFICANTLY, ASEAN DELS WERE CAREFUL TO LEAVE OPEN PRIVATELY AS WELL AS PUBLICLY QUESTION OF TIMING AND, IMPORTANTLY, LEVEL OF NEXT MEETING. HOWEVER, WE BELIEVE THAT A CAREFUL AND WELL-MANAGED FOLLOW-UP BY BOTH SIDES CAN CAPITALIZE ON THE FOCUS AND MOMENTUM WHICH HAS NOW BEEN ESTABLISHED.

10. DEPARTMENT WILL PROVIDE INSTRUCTIONS ON FOLLOW-UP STEPS TO MAXIMIZE MOMENTUM GAINED FROM MEETING.

11. ACTION REQUESTED: POSTS ARE INVITED TO REPORT ON HOST COUNTRY REACTIONS AND PROVIDE COMMENTS USEFUL TO

OUR CONTINUING ASSESSMENT OF US-ASEAN RELATIONS.

12. DOCUMENTS. COPIES OF SUMMARY RECORD PLUS SCOPE AND  
OTHER APPROPRIATE BRIEFING PAPERS ARE BEING POUCHED. VANCE  
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